

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD, CAN, UK

SUBJECT: ANTITRUST: URANIUM AND PRATT WHITNEY

1. CONSULTATIONS WERE HELD WITH GOC AFTERNOON OF DEC. 3 ON ANTITRUST MATTERS OF MUTUAL INTEREST. GOC SIDE LED BY PETER TOWE AND JOHN RUNNELLS, AND USG BY JULES KATZ AND ASST. ATTORNEY GENERAL DONALD BAKER.

2. MEETING FOCUSED ON URANIUM GRAND JURY INVESTIGATION AND THERE WAS CANDID AND SUBSTANTIAL EXCHANGE OF VIEWS. CANADIANS MAINTAINED THAT TIGHT SUPPLY SITUATION AND THEIR ATTEMPTS TO ARRIVE AT FAIR INTERGOVERNMENTAL ARRANGEMENTS FOR MARKETING IN THE FUTURE MADE THE ANTITRUST INVESTIGATION EXTREMELY SENSITIVE IN CANADA. ALSO, MUCH OF THE INFO SOUGHT BY THE JUSTICE GRAND JURY IS CONFIDENTIAL GOVERNMENT MATERIAL WHICH IS PROTECTED BY SECRECY ACT. AGREEMENT WAS REACHED THAT ON GOVERNMENT TO GOVERNMENT BASIS THERE WILL BE A "FILTER" PROCESS WHICH DETERMINES WHAT INFO CAN BE RELEASED. FULL REPORT OF MEETING WILL FOLLOW NEXT WEEK.

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3. MAIN PURPOSE OF THIS CABLE IS TO NOTIFY YOU OF JUSTICE DECISION ON PRATT WHITNEY/ROLLS ROYCE. PREVIOUS CABLES ON THIS SUBJECT DESCRIBE EARLIER JUSTICE OPINION THAT IT DOES NOT OBJECT TO PW/RR JOINT VENTURE ON THE LARGE COMMERCIAL JET ENGINE (JT10D), BUT THAT IT CANNOT APPROVE THE SMALLER VENTURE FOR PRATT WHITNEY CANADA AND RR TO MANUFACTURE THE EXECUTIVE RB 410 JET ENGINE. BAKER ANNOUNCED THAT, FOLLOWING CAREFUL REVIEW, HE IS NOT ABLE TO CHANGE THIS DECISION, I.E., JUSTICE FINDS THAT THERE MAY BE SERIOUS COMPETITIVE PROBLEMS WITH THE SMALLER ENGINE VENTURE. THIS IS BASED ON VIEWS THAT TWO OF THE WORLD'S LARGEST MANUFACTURERS WILL REDUCE COMPETITION BY PROCEEDING JOINTLY, AND THAT THE ENGINE CAN BE PRODUCED BY MEANS OTHER THAN THE PROPOSED JOINT VENTURE. YOU CAN NOTIFY APPROPRIATE GOC AND UK AUTHORITIES OF THIS DECISION. KISSINGER

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